



Congressional Budget Office

November 1, 2017

Factors Underlying CBO's Long-Term Outlook for Federal Health Care Spending

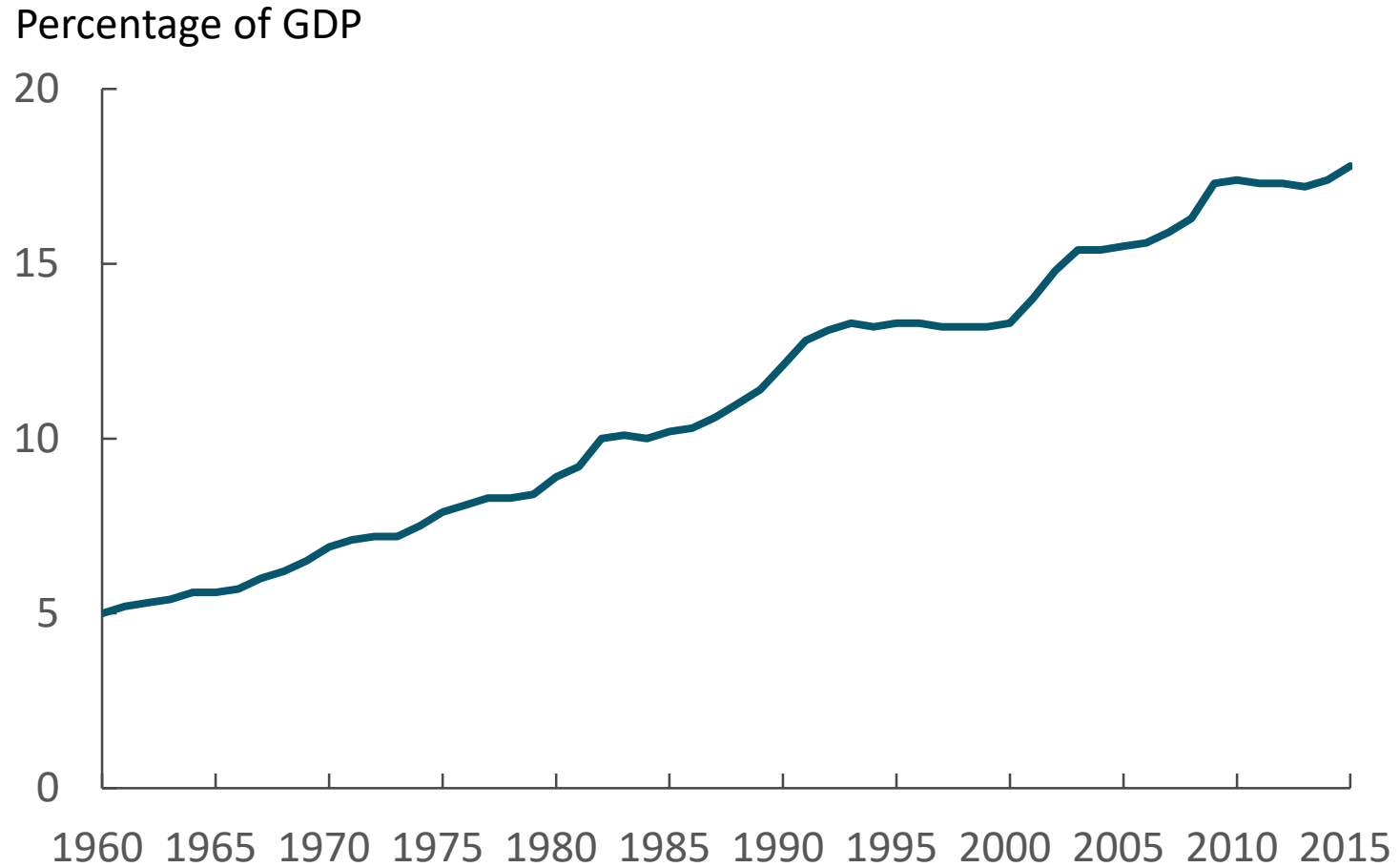
Presentation to the Council for Affordable Health Coverage
and the American Action Forum

Keith Hall
Director

For more details, see Congressional Budget Office, *The 2017 Long-Term Budget Outlook* (March 2017),
www.cbo.gov/publication/52480.

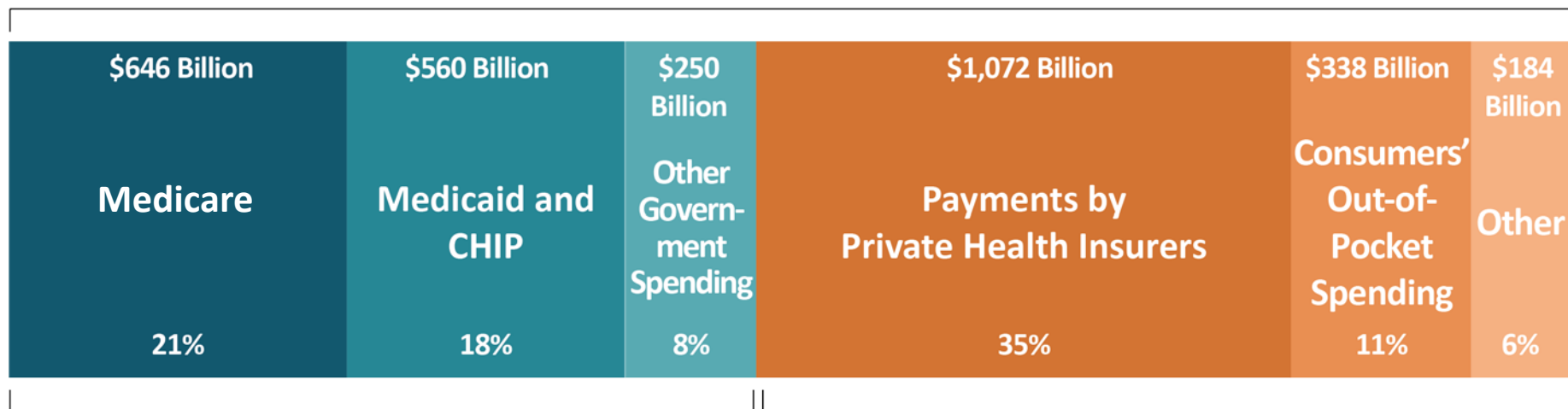
Health Care Spending Today

National Spending for Health Care



National Spending for Health Care, 2015

Total Health Care Spending: \$3.1 Trillion



Public Spending: \$1.5 Trillion, or 48 Percent

Private Spending: \$1.6 Trillion, or 52 Percent

CBO defines outlays for the major health care programs as spending for:

- Medicare,
- Medicaid,
- The Children's Health Insurance Program (CHIP), and
- Subsidies for health insurance purchased through the marketplaces established under the Affordable Care Act and related spending.

Net Outlays for Major Health Care Programs in 2017

Billions of Dollars

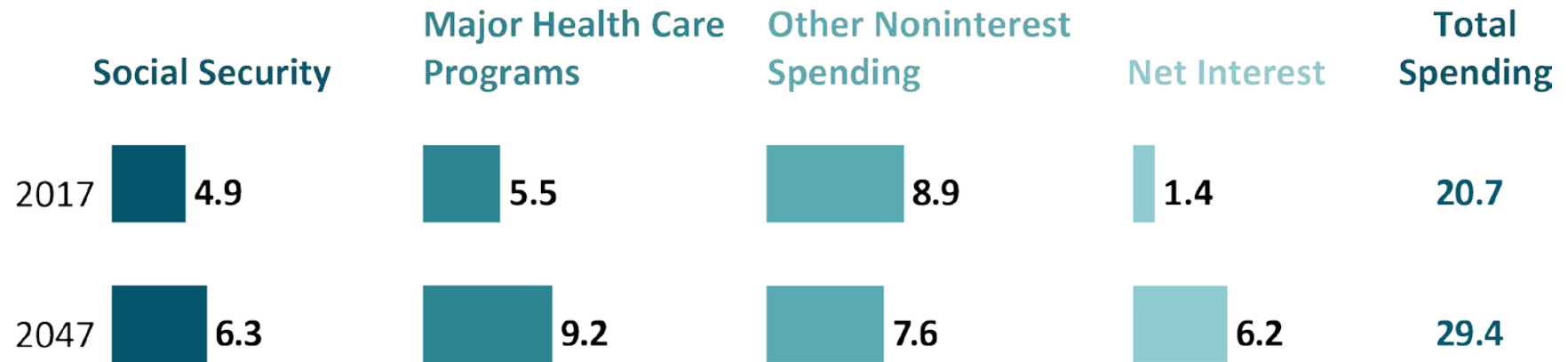
Medicare	590
Medicaid	385
Health Insurance Subsidies and Related Spending	51
Children's Health Insurance Program	15
Total	1,041

Health Care Spending in the Long Term

If current laws generally remained unchanged, CBO projects that federal spending on the major health care programs would grow larger than any other category of spending.

Spending in the Past and Under CBO's Extended Baseline

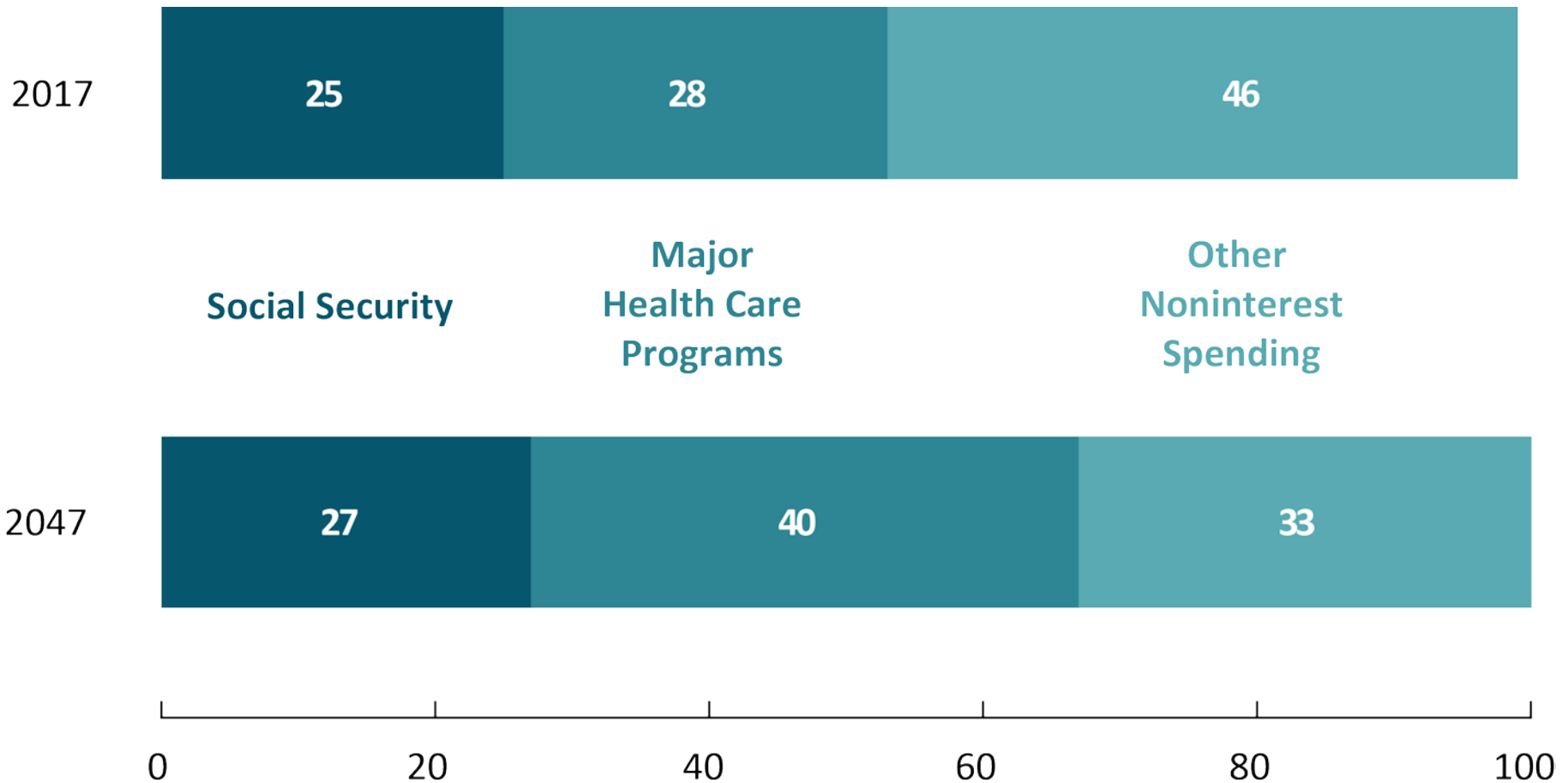
Percentage of Gross Domestic Product



Spending on the major health care programs would account for 40 percent of federal noninterest spending in 2047, compared with 28 percent today.

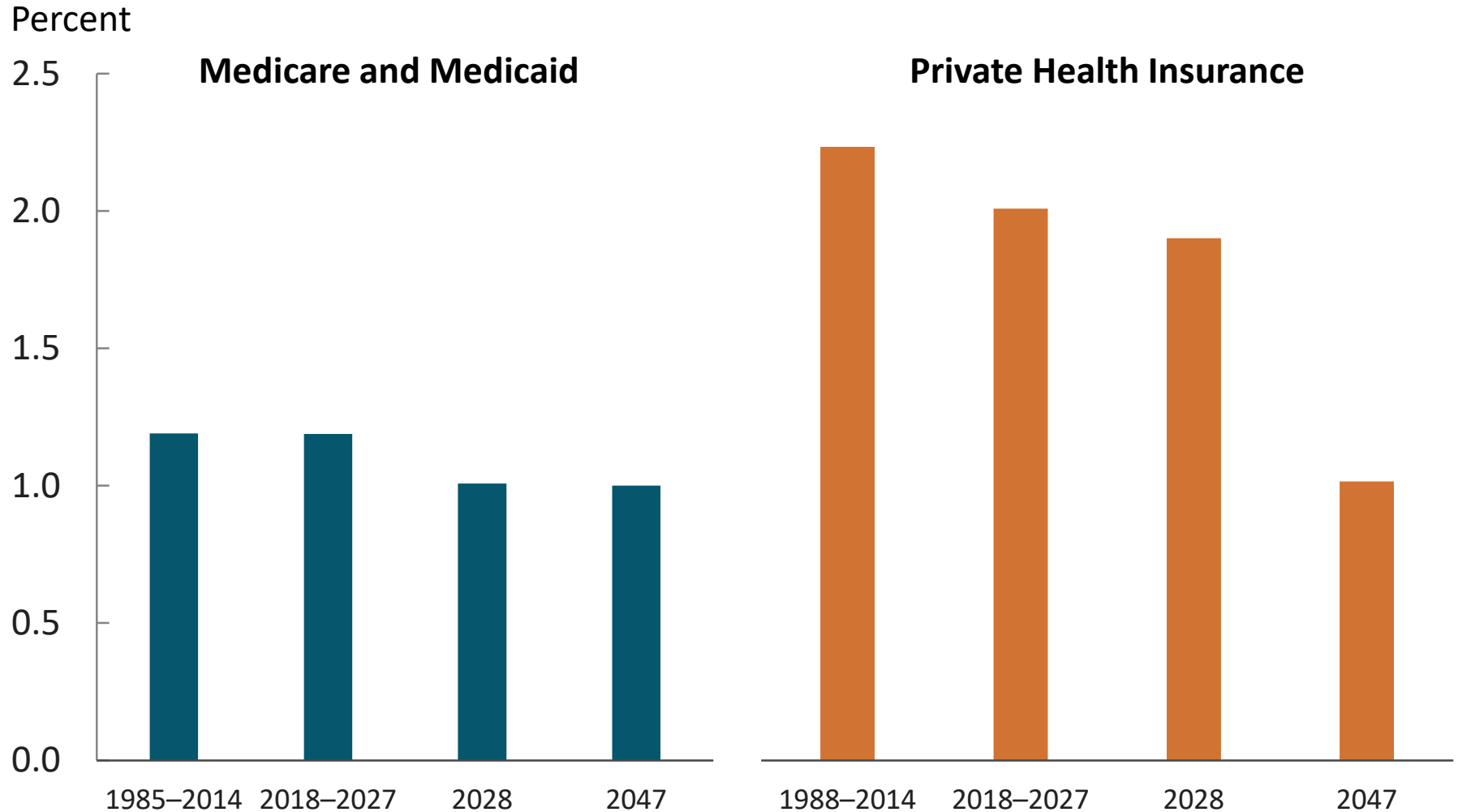
Composition of Federal Noninterest Spending Under CBO's Extended Baseline

Percent



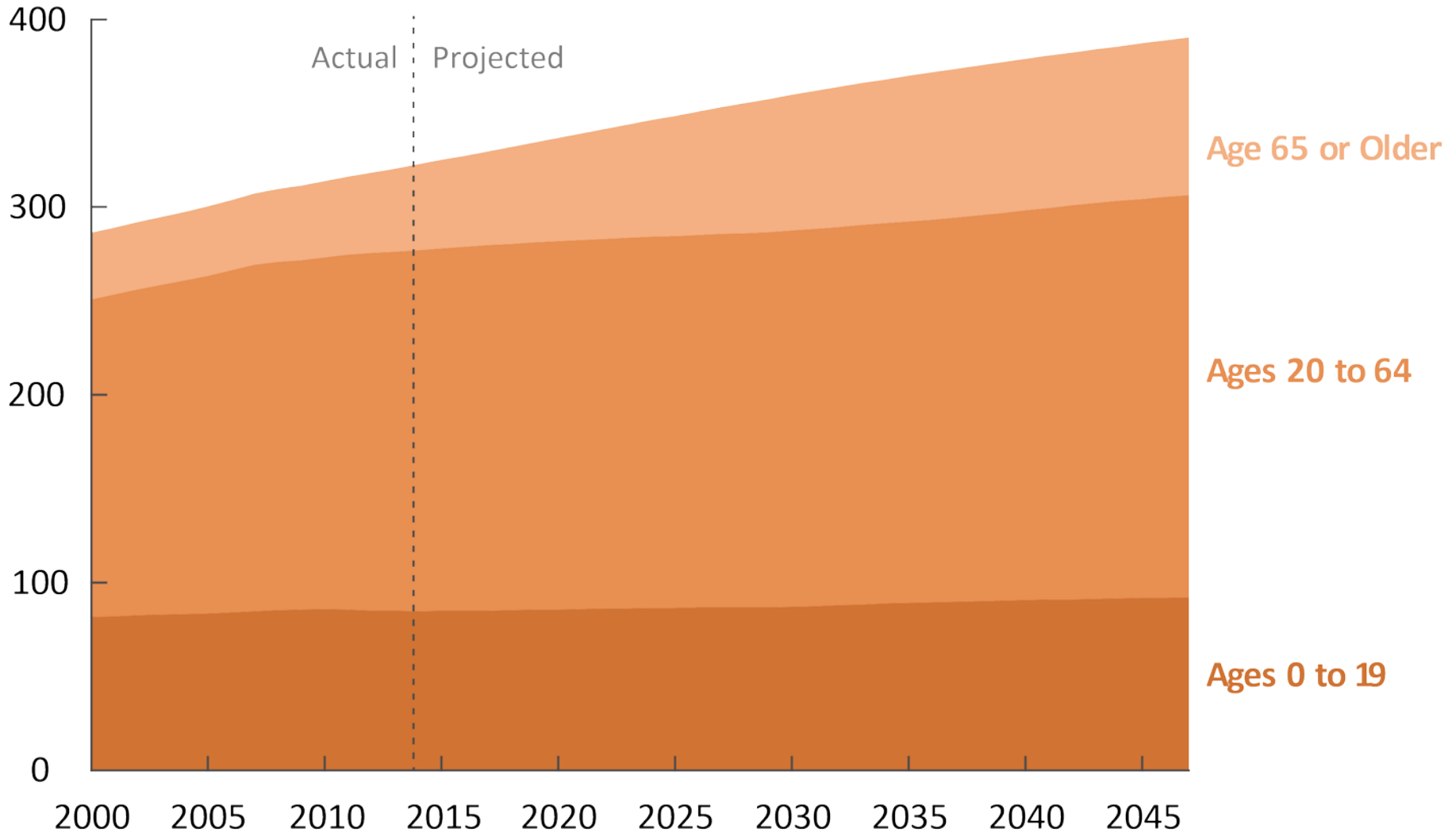
Two factors explain the projected growth in spending on major health care programs: aging and rising health care costs per person (also known as excess cost growth).

Estimated and Projected Rates of Excess Cost Growth in Spending for Health Care



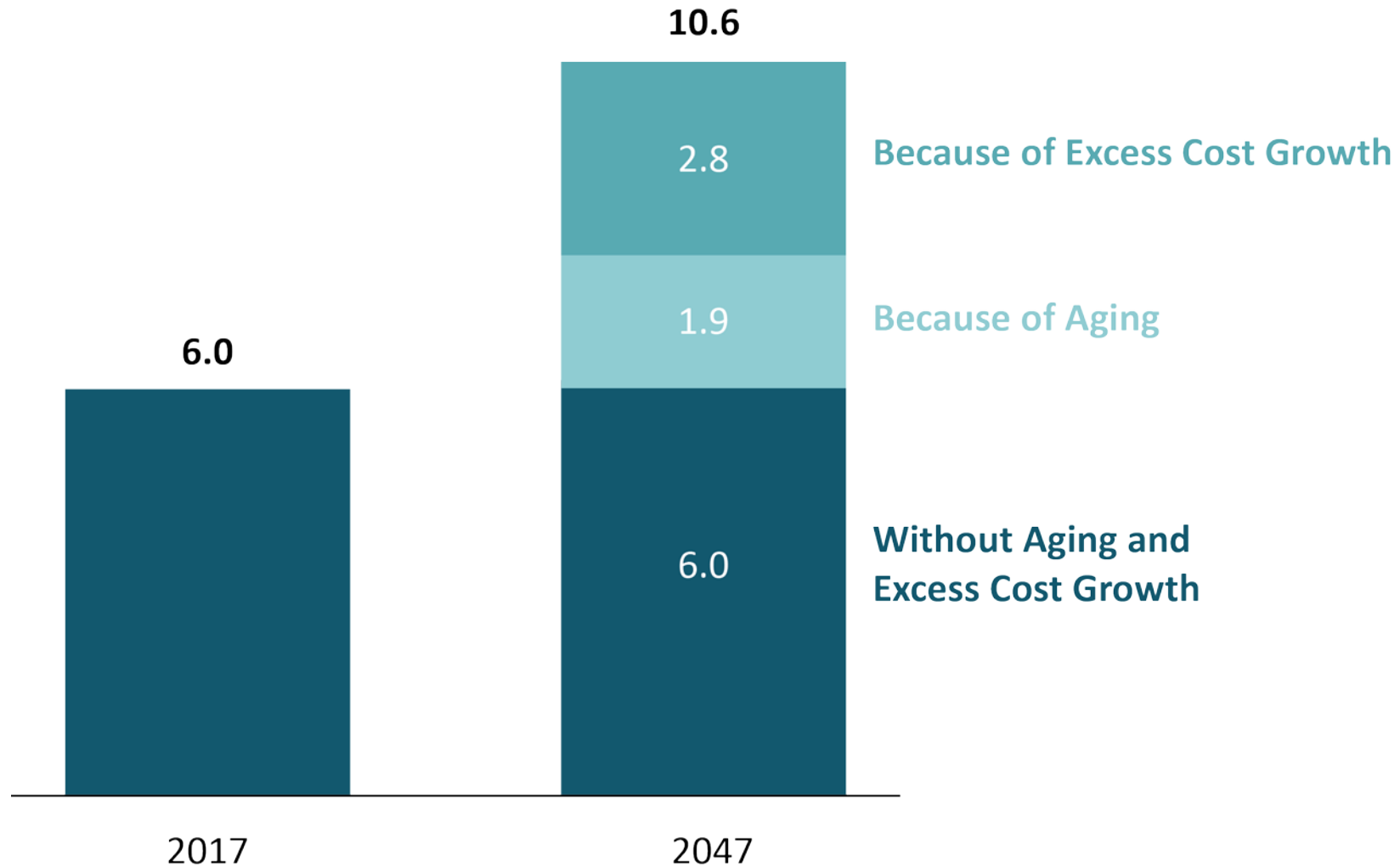
Population, by Age Group

Millions of People



Projected Spending Growth in the Major Health Care Programs

Percentage of Gross Domestic Product

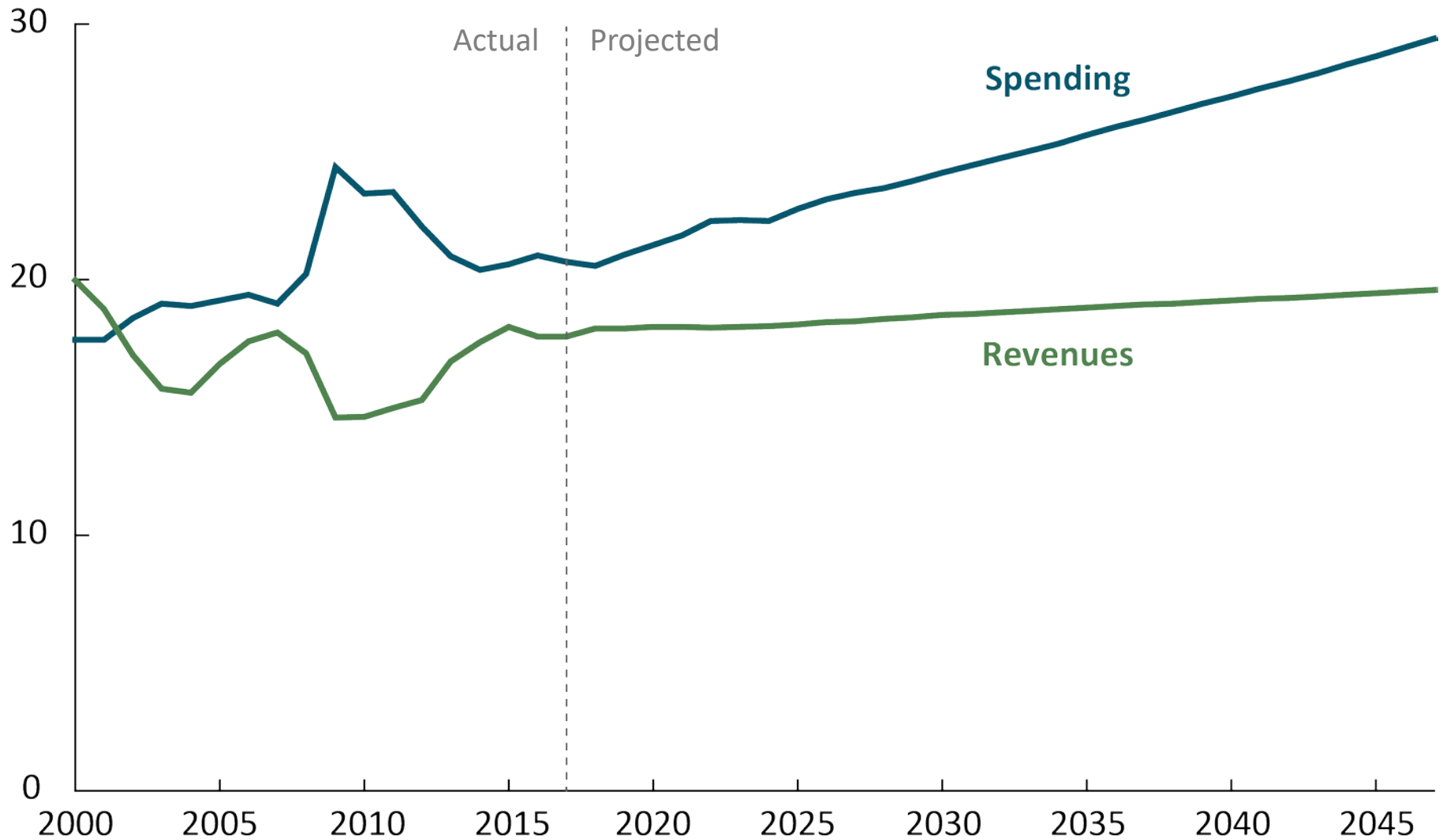


An Overview of the Long-Term Budget Outlook

If current laws governing taxes and spending did not change, the condition of the federal budget would worsen considerably over the next three decades.

Federal Spending and Revenues

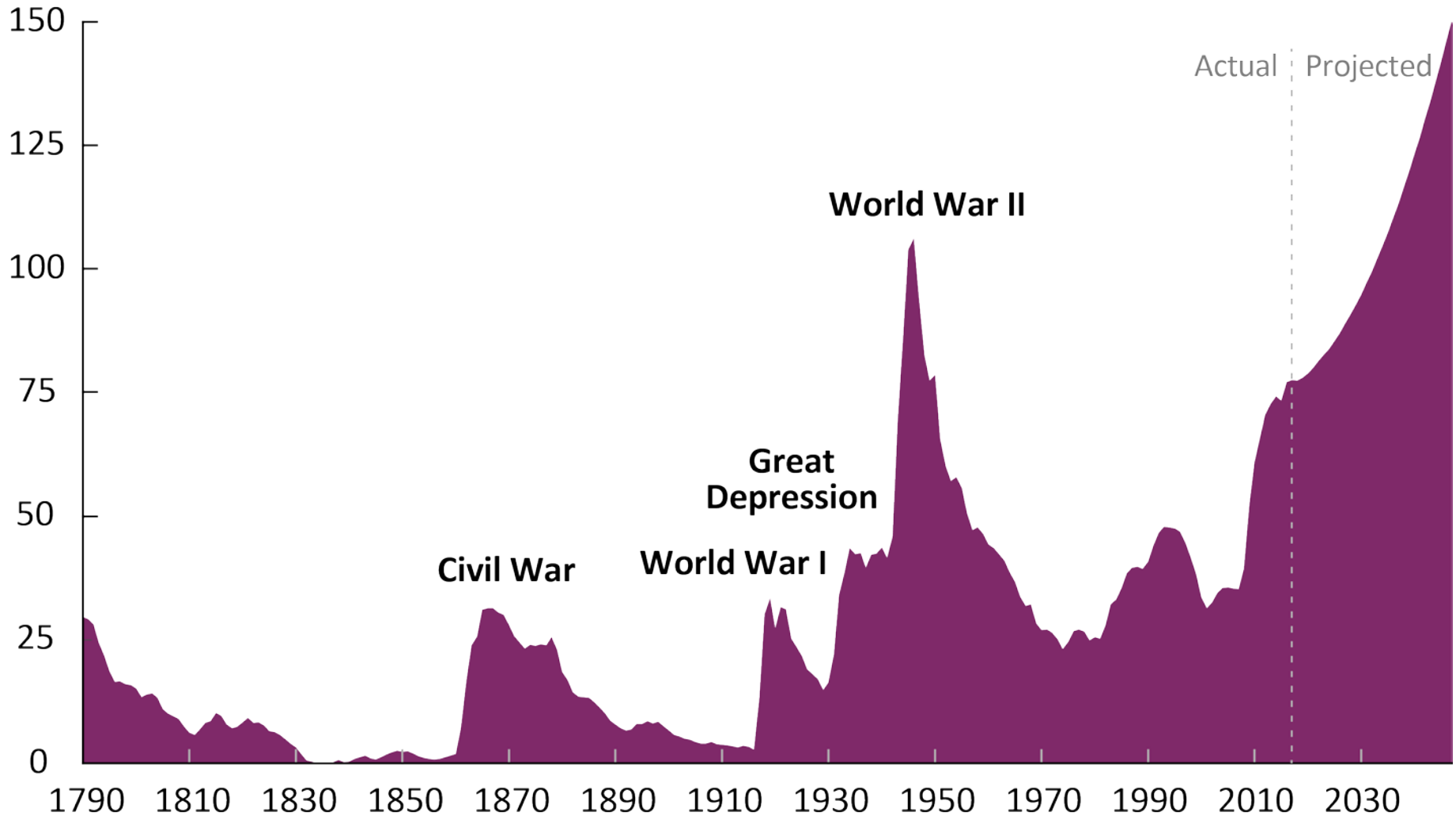
Percentage of Gross Domestic Product



As a result, debt would grow larger in relation to the economy than ever recorded in U.S. history.

Federal Debt Held by the Public

Percentage of Gross Domestic Product

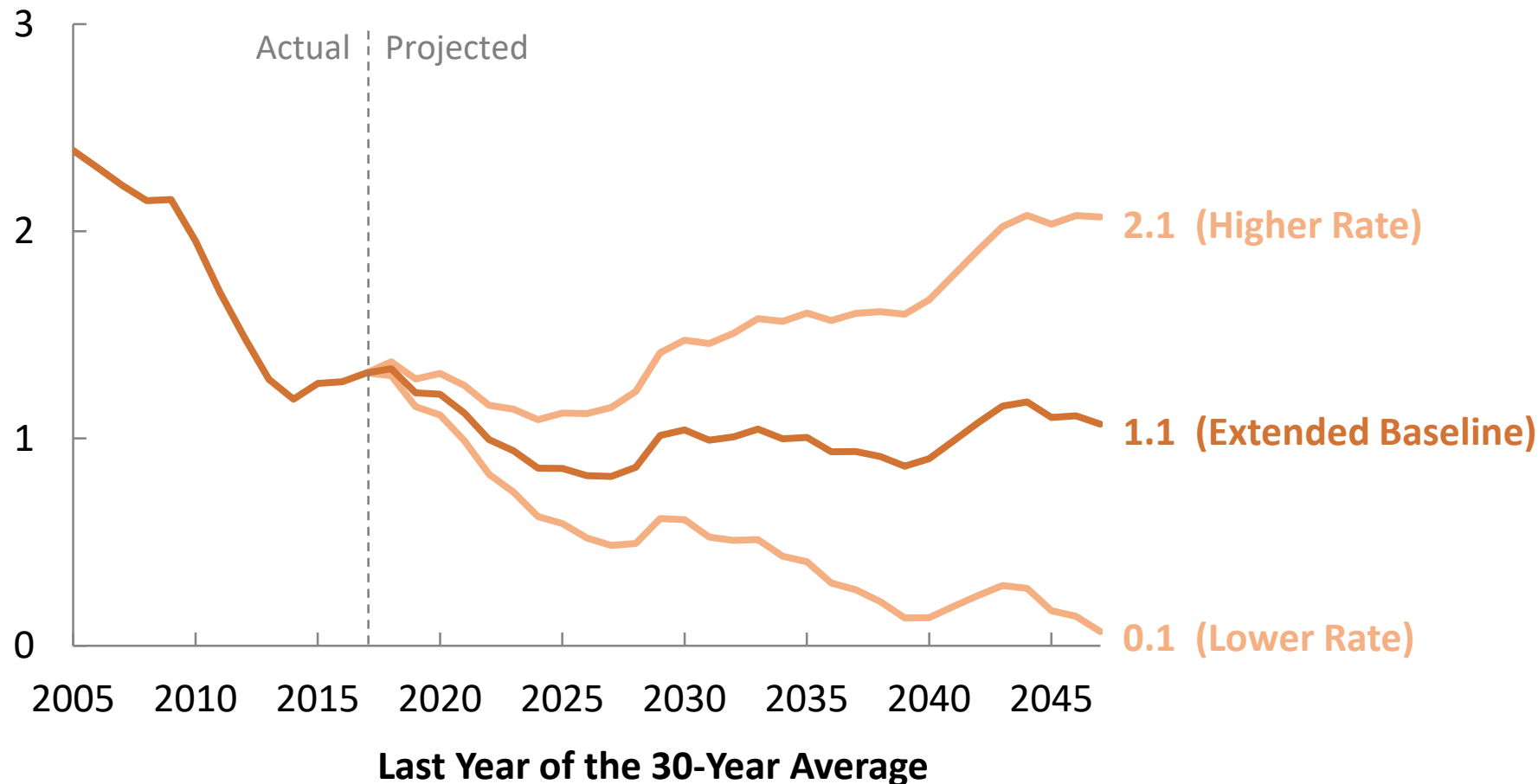


Uncertainty in the Long-Term Projections



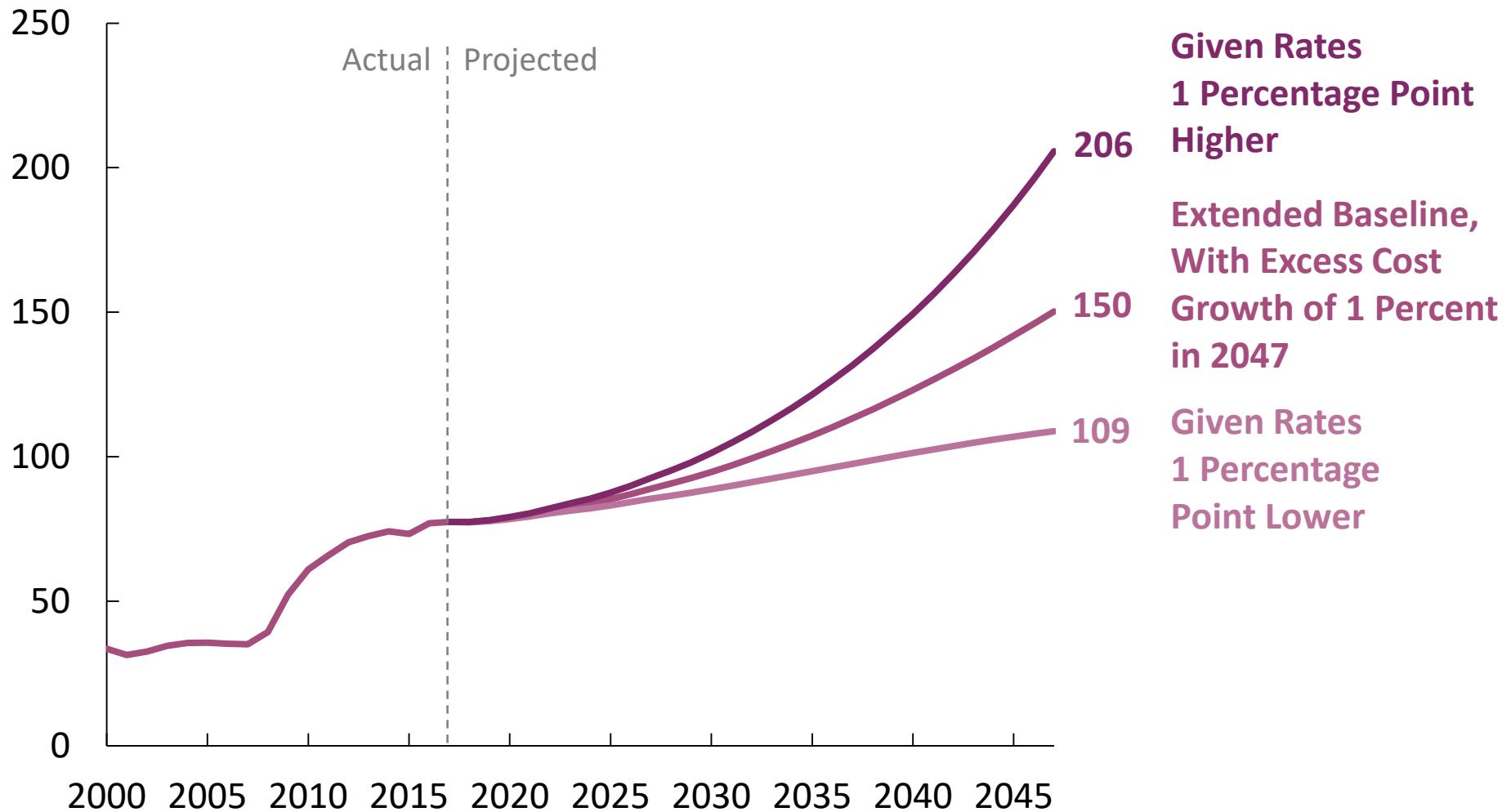
Excess cost growth is a significant driver of future debt and an important source of uncertainty in CBO's projections.

Excess Cost Growth Rates for Federal Spending on Medicare and Medicaid (30-Year Average)



Federal Debt Given Different Rates of Excess Cost Growth for Federal Spending on Medicare and Medicaid

Percentage of Gross Domestic Product



This presentation will be available on CBO's website, www.cbo.gov.